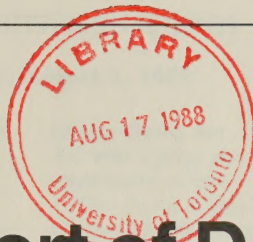




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# Hansard

# Official Report of Debates

## Legislative Assembly of Ontario

### Select Committee on Energy

Electricity Demand and Supply

**First Session, 34th Parliament**

Wednesday, August 3, 1988

Speaker: Honourable Hugh A. Edighoffer

Clerk of the House: Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## SELECT COMMITTEE ON ENERGY

Wednesday, August 3, 1988

The committee met at 2:15 p.m. in room 228.

### ELECTRICITY DEMAND AND SUPPLY (continued)

**Mr. Chairman:** I call the committee to order. I have turned off the air conditioner as it is a bit noisy and I think we can hear better without it. We will see how long the room stays cool, shall we?

For the benefit of the members, in this afternoon's session we are going to be hearing from Ministry of Energy staff who are going to talk to us about the municipal utilities act and the Power Corporation Act, lay out a bit of the legislative framework and talk a bit about the players in electric generation and distribution in Ontario. Then we are going to hear from Ministry of the Environment staff who will speak about the Environmental Assessment Act and the various processes involved within environmental assessment so the committee can get a bit of a feel for how that process works.

Our first witness will be Ed Ciemiega from the Ministry of Energy.

**Mr. Ciemiega:** Mr. Gardner is here too.

**Mr. Chairman:** All right. Perhaps when you take your seat, for the benefit of Hansard, you could introduce those who are with you. I turn the floor over to you.

### MINISTRY OF ENERGY

**Mr. Ciemiega:** I have been asked to give a brief rundown of the legislative framework affecting Ontario Hydro. I propose to deal mainly with the statutes for which the Ministry of Energy has administrative responsibility and also to touch on two federal statutes, the National Energy Board Act and the Atomic Energy Control Act.

At this time I would like to introduce Art Gardner. Mr. Gardner is deputy general counsel with Ontario Hydro. Together, the two of us would be pleased to answer any questions the committee might have.

Under the provisions of the Ministry of Energy Act, the Minister of Energy has general responsibility for the energy policy review, development and co-ordination. The minister is also specifically charged with the administration of the Power Corporation Act and the Ontario

Energy Board Act. It is the Power Corporation Act which gives rise to Ontario Hydro and is its constituting statute.

The origins of the current legislation came into existence in 1906 as a result of the recommendations of the Beck commission. Over the years, there have been legislative amendments to the legislation. The thrust of the original act, however, remains the same. Ontario Hydro's mandate is still to service the entire province with electrical energy and to provide power at cost.

Both the Minister of Energy and the Treasurer of Ontario are referred to in the Power Corporation Act. It is with the minister that Ontario Hydro must file its annual report. Certain activities in which Ontario Hydro wishes to engage are subject to the Lieutenant Governor in Council's approval. It is through the Minister of Energy that Ontario Hydro seeks such approval. As you know, the Treasurer of Ontario has responsibility for the finances, credit and economic policy of the province. Thus, in certain financial matters, Ontario Hydro must deal with the Treasurer.

As I have already pointed out, Ontario Hydro is constituted as a body corporate by the Power Corporation Act. It is a statutory corporation and, as such, it has only those powers which are given to it by the Legislature. It is a legal entity. However, it is a corporation without shareholders or members. Under the act, it is a corporation composed of those persons who from time to time comprise its board.

Ontario Hydro's board of directors is appointed by the Lieutenant Governor in Council. The chairman may be appointed for a five-year term which is renewable, whereas the directors may be appointed for up to three years. Under the act, a director may serve a maximum of three successive terms.

The president of the corporation is not appointed by the Lieutenant Governor in Council but by the board, on such terms of employment as the board considers desirable.

It is important to remember that a director may only be removed before the expiration of his or her term for cause.

The act provides that the business and affairs of the corporation are under the direction and control of the board. The directors have a



responsibility to act honestly and in good faith, with a view to the best interest of the corporation. It is to be noted that there is no provision in the statute for the government to give a direction to Ontario Hydro. The minister cannot, as a matter of law, direct the director how to vote.

Generally speaking, the purposes and business of Ontario Hydro are set out in sections 56, 56a and 56g of the Power Corporation Act. Section 56 states:

"The purposes and business of the corporation include the generation, transmission, distribution, supply, sale and use of power and, except with respect to the exercise of powers requiring the prior authority of the Lieutenant Governor in Council under this act, the corporation has power and authority to do all such things as in its opinion are necessary, usual or incidental to the furtherance of such purposes and to the carrying on of its business."

It is a broad grant of authority, but it is limited to matters dealing with electric power.

In 1981, when the government wanted Ontario Hydro to deal with matters not directly related to the provision of electricity, i.e. offering energy conservation programs and the making of loans for energy conservation purposes, it had to amend the Power Corporation Act in order to authorize Ontario Hydro to do so. The same is true for heat energy.

Notwithstanding this broad grant of powers in matters relating to the provision of electricity, there are restrictions to which Ontario Hydro is subject. There are many matters under the act that Ontario Hydro can do only if it has the prior approval of the Lieutenant Governor in Council.

For example, Ontario Hydro can undertake major projects, such as acquiring and constructing works for the production of power, only with the approval of the Lieutenant Governor in Council. If Ontario Hydro wishes to construct generating facilities, acquire water rights or acquire land, it must seek Lieutenant Governor in Council approval.

Here I would point out that the initiative comes from Ontario Hydro. If Ontario Hydro does not recommend, there is nothing for the government to approve. This section does not contemplate nor does it authorize the government to direct Hydro to do something.

Another limitation, if we may categorize it as such, is the requirement set out in section 75 of the Power Corporation Act that Ontario Hydro is to provide power at cost to municipal corporations.

As already pointed out, in 1981, when the government wanted Ontario Hydro to engage in energy conservation programs, it was necessary to amend the Power Corporation Act, because the cost of those programs could not be added to the cost of power without such an amendment.

Another amendment was necessary to allow Ontario Hydro to recover any additional costs arising out of the rural rate differentiation program. This amendment provided that the average rural residential hydro bill should be no more than 15 per cent above the weighted average municipal bill.

Another limitation or control on the powers of Hydro is that Ontario Hydro can borrow money only with the approval of the Lieutenant Governor in Council. As mentioned previously, the approval of the Lieutenant Governor in Council is sought through the Treasurer. Under the provisions of section 69 of the Power Corporation Act, contracts for the supply of power, other than to municipal corporations and certain park boards, are subject to approval by the Lieutenant Governor in Council.

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Recently, the government introduced legislation which would further limit Ontario Hydro's discretion. Under Bill 168, Ontario Hydro is restricted from exercising its discretion to sell power outside Canada unless the supply of power is surplus to the reasonably foreseeable power requirements of Ontario and other customers in Canada and the price to be charged for that supply of power is more than that charged to customers in Canada for equivalent service.

Another limitation affecting Ontario Hydro is found in the Ontario Energy Board Act; it relates to rate changes which Ontario Hydro proposes to make for power supply to its industrial customers and municipal corporations and commissions. A proposal by Ontario Hydro to change rates or charges must be given to the Minister of Energy at least eight months before the new rate is to come into effect. The minister is required to refer the proposal to the Ontario Energy Board. The Ontario Energy Board must hold a hearing and issue a report at least four months prior to the effective date of the proposed change in rates or charges. However, as you know, the report and its recommendations are not binding on Ontario Hydro.

In addition to the Ontario Energy Board Act, there are other statutes to which Ontario Hydro is subject, statutes like the Expropriations Act and the Environmental Assessment Act. Under the Expropriations Act, the Minister of Energy is the



approving authority in relation to expropriations made under the Power Corporation Act. It is my understanding that representatives from the Ministry of the Environment are going to address the committee on environmental matters.

Two other matters dealt with in the Power Corporation Act which might be of interest are the relationship between Ontario Hydro and municipal utilities and Ontario Hydro's general responsibility for the electrical safety code.

Municipal utilities are independent bodies under the Public Utilities Act and, as such, are not subject to any general direction by Ontario Hydro. However, the Power Corporation Act gives some very specific powers to Ontario Hydro. It provides that the rates and charges for supplying power by a local utility are subject to the approval and control of Ontario Hydro. Ontario Hydro has the authority to approve the borrowing of funds by a municipal corporation for the extension or improvement to a power system. Ontario Hydro has the authority to approve the use of surplus funds. It may prescribe for a municipal corporation or commission a system of bookkeeping and it may audit.

Under section 93 of the Power Corporation Act, Ontario Hydro has the approval, with the approval of the Lieutenant Governor in Council, to promulgate an electrical safety code and has in fact done so. Under the provisions of the act and the code, Ontario Hydro has jurisdiction over the design, construction, use, maintenance, repair, etc., of electric appliances and electrical services of all kinds. This section authorizes Ontario Hydro to appoint inspectors not only to test various appliances, but to conduct inspections for the purposes of the act.

To mention briefly the federal involvement, because of the Constitution Act of 1867 granting authority over international trade and commerce to the Parliament of Canada, regulation of electricity exports is within federal jurisdiction. Federal regulation also extends to international power lines; because of the Constitution Act, they are federal works. My understanding is that the federal government has been involved in the regulation of electricity exports since 1907, with the enactment of the Electricity and Fluid Exportation Act.

The current National Energy Board was formed in 1959. During the passage of the legislation creating the board, the then federal Minister of Trade and Commerce stated:

"As regards the exportation of electric power, the key principle will be that quantities proposed to be exported must be surplus to present and

reasonably foreseeable Canadian requirements. In the case of electricity, it has been the policy in the past to grant only annual licences for export so as to prevent permanent alienation of power. This remains the general policy, although some exceptions may be made in very special circumstances where the national interest would not be prejudiced by a longer-term export."

It is to be noted that the National Energy Board Act extended the maximum export licence period from one to 25 years, although it was anticipated that long-term licences for electric power would be granted only in exceptional circumstances.

The National Energy Board's current regulatory responsibilities with respect to electric power are in the issuance of export licences and orders to the end that proposed exports be in the national public interest. The board is empowered by the National Energy Board Act, after taking into account all considerations that appear to it to be relevant, to authorize for periods no longer than 25 years electricity exports which the board is satisfied would not exceed the surplus remaining after due allowance is made for reasonably foreseeable Canadian requirements and would be made at a price which is just and reasonable in the public interest.

The second major regulatory responsibility of the National Energy Board is the certification of international power lines. To the end that construction and operation of an international power line be in the national public interest, the board is empowered by the National Energy Board Act, after taking into account all relevant considerations, to authorize the construction and operation of international power lines which the board is satisfied are and will be required by the present and future public convenience and necessity. The board is also empowered to approve the detailed route of an international power line.

The National Energy Board Act was amended in 1983 to allow the Governor General in Council to designate any facility to be constructed and operated for the purpose of transmitting power from a place in any province to a place in Canada outside the province as a facility to which provisions of the National Energy Board Act apply. It is my understanding that, to date, this section of the act has not been used.

I also mention the Atomic Energy Control Act. Under the provisions of section 17 of that act, all works and undertakings for the production, use and application of atomic energy are declared to be works for the general advantage of Canada and therefore come within federal jurisdiction.



That act authorizes the Atomic Energy Control Board, with the approval of the Governor General in Council, to make regulations for developing, controlling, supervising and licensing the production, application and use of atomic energy. Thus, Ontario Hydro's nuclear plants come within the licensing authority of the federal government.

By way of recapitulation, I would point out that the Power Corporation Act contains approximately 108 sections, and in 32 of those sections some reference is made to the Lieutenant Governor in Council, the Treasurer or the minister.

Under section 3 of the act, the Lieutenant Governor in Council appoints the chairman and the directors and sets out the remuneration. Under section 7, any expenditure incurred by the corporation for works or services in carrying out the direction of the Lieutenant Governor in Council may be included by the corporation as part of the cost of supplying power. Section 9 requires the corporation to file with the Minister of Energy an annual report on the affairs of the corporation.

Section 10 authorizes the Lieutenant Governor in Council to direct that the accounts of the corporation be audited. The Lieutenant Governor in Council may name the auditors and fix the expenses of the audit. There is a statutory requirement that there be at least one audit annually. Under section 18, the Lieutenant Governor in Council may authorize the corporation to postpone collection of the sinking fund. Under section 20, pension fund regulations are subject to the Lieutenant Governor in Council's approval.

Under section 21, the Lieutenant Governor in Council may approve agreements with municipal corporations whereby municipal employees would be included in the pension fund. Under section 22, the Lieutenant Governor in Council may require the corporation to investigate and report on water powers and privileges. Under section 23, the powers of expropriation are subject to Lieutenant Governor in Council approval. Under the same section, contracts for the supply of power to Ontario Hydro are subject to Lieutenant Governor in Council approval. Under section 24, changes in periodicity and alterations of current are subject to Lieutenant Governor in Council approval.

Under sections 25 and 26, the standardization of frequencies is subject to Lieutenant Governor in Council approval. Under section 32, Ontario Hydro may, when authorized by the Lieutenant

Governor in Council, take possession of and use lands, remove trees, obstructions, etc. Under section 34, it is the Lieutenant Governor in Council who appoints the members of the board of valuation. This is the board that sets compensation for damage, etc., in disputes between land owners and Ontario Hydro.

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Under section 40, the Lieutenant Governor in Council may direct a judge to determine the proportions of costs of works on waters to be borne by municipal or other owner of water power. Under section 46, it is the Treasurer of Ontario who decides whether the tax exemptions set out in the section apply to any property of Ontario Hydro.

Under sections 47 and 48, the Lieutenant Governor in Council, for purposes of the act, may raise loans, pay out appropriate moneys or order special warrants. Under section 51, Ontario Hydro is vested with the general borrowing power. Here, again, the corporation may only borrow with the approval of the Lieutenant Governor in Council.

Under section 53, the Lieutenant Governor in Council may guarantee securities of the corporation. Under section 54, the Lieutenant Governor in Council may guarantee performance of the corporation's contracts for the purchase of shares. Under section 55, the corporation may borrow by way of temporary loans and pledge security subject to the approval of the Lieutenant Governor in Council.

Under section 56d, the corporation may, with the approval of the Lieutenant Governor in Council, produce heat energy. Under section 57, the Lieutenant Governor in Council may authorize the corporation to manufacture electrical, hydraulic and other machinery. Under this section, the Lieutenant Governor may also authorize the corporation to carry on research for extending the use of power. Under section 59, subject to approval by the Lieutenant Governor in Council, the corporation may utilize unused works to produce revenue.

Section 60 authorizes the Lieutenant Governor in Council to approve a form of contract used by the corporation with municipal corporations. Under section 64, the Lieutenant Governor in Council may direct an inquiry to ascertain rights in case of a dispute over a municipal power franchise.

Under section 69, certain contracts for the supply of power are subject to approval by the Lieutenant Governor in Council. Under section 72, with approval by the Lieutenant Governor in



Council, the corporation may control the supply of power in emergencies.

Under section 83, subject to approval by the Lieutenant Governor in Council, the corporation may contract with townships. Under section 85, subject to approval by the Lieutenant Governor in Council, the corporation may contract with park boards.

Under section 93, with the approval of the Lieutenant Governor in Council, the corporation may make safety regulations.

You can see that there is a certain degree of control. That is all.

**Mr. South:** Does the Power Corporation Act give Ontario Hydro the authority to negotiate deals outside the province, to purchase power, for instance, from Quebec or Manitoba?

**Mr. Gardner:** Yes, we have been purchasing power outside the province since at least the 1920s.

**Mr. South:** But what gives you the power to do that, the authority?

**Mr. Gardner:** It is under subsection 23(2).

**Mr. South:** Of the Power Corporation Act?

**Mr. Gardner:** There are a number of clauses here. I believe it is clause 23(2)(h), "contract with any person generating, transmitting or distributing power, or proposing so to do, to supply power to the corporation." Did you find that? If you have the same edition as I have, it is page 16.

**Mr. South:** Yes, I see it.

**Mrs. Sullivan:** I have two questions that are unrelated. The first relates to the ability of Hydro, from an operational sense, to really have aggressive energy conservation programs. I see in section 56b that the corporation may lend money for the acquisition or installation of equipment and so on, in conjunction with an energy conservation program. Does Hydro, somewhere else or through some other section of the act, have power, for example, to make grants?

**Mr. Gardner:** Not at present, Mrs. Sullivan.

**Mrs. Sullivan:** The second question I have relates to the ongoing review of the Power Corporation Act. Clearly Mr. Gardner's report to us this morning has talked about the legal accountability of Hydro in certain areas. It seems to me that your view is that is a fairly thorough accountability through various provisions in the Power Corporation Act. I wonder if you would have comments that could be shared with us today relating to some of the matters that are

under consideration in relationship to changes in the Power Corporation Act or in the memorandum of understanding.

**Mr. Cierniega:** I am afraid not. I would not think so. We do not have authority to do that.

**Mr. McGuigan:** In relation to the power of Ontario Hydro to loan money to consumers, assuming under the conservation policy, the customer has to make a case that by putting in this insulation, these windows or whatever, you are going to require less power. Is there any authority to loan money in relation to other forms of power?

This relates to a question I asked yesterday. A company might want to have lines put on to its property or transformers, switch gears and all this sort of stuff, to accommodate electric power versus using fossil fuel power where they do not require all those capital costs. Does Hydro have any power to loan or make any sort of contract that this be paid over a number of years rather than having to require upfront money to put the facility in?

**Mr. Gardner:** There have been many ways of structuring loans. To some extent, energy conservation has been given a very broad meaning. It can influence fuel choice. If you think electricity is the right energy source, you would really want to make a loan.

If the savings to the power system are significant, occasionally one can structure a forgivable loan or a no-interest loan. There is a lot of flexibility there. There are a lot of techniques that are being used, but within the bounds of the section.

**Mr. McGuigan:** Put it down to the case that I have in mind. It is somewhat personal, but many of my constituents have the same problem. Powering irrigation pumps; if we want to put in an electric pump, this has many advantages as far as the operation is concerned. It might even cost more, I am not sure, but even the extra costs would be justified by the advantages to the system. If they came to Hydro and said, "Will you help us put in the switch gear, put in the poles and the Hydro wires?" would they be liable to listen to this?

**Mr. Gardner:** I think they should get in touch with our demand management branch because they are interested in any savings that could be made. I think it should be talked through with them. You are from western Ontario?

**Mr. McGuigan:** Yes.

**Mr. Gardner:** So you could deal right with the western regional office. Mr. Drinkwalter is



the director there. They certainly would investigate it. I would encourage you to follow that up.

**Mr. McGuigan:** So it is not a flat no to my question?

**Mr. Gardner:** No, it is not a flat no from me.

**Mr. Charlton:** Part of what I wanted to raise has already been nonanswered. I understand that you gentlemen do not have the authority to talk about the specific changes under the Power Corporation Act that are being looked at by the ministry, but can you give us a bit of information by way of background about the approaches being taken to that review of the Power Corporation Act?

I think you understand the quandary the committee is in, having a formal report of this committee sitting out there with the recommendations apparently undealt with. Can you tell us whether at least the review of the Power Corporation Act took as its base the recommendations of the select committee of two years ago? Is that the kind of approach that is being taken to the review?

**Mr. Ciemiega:** I would think that the policy people would look at everything, including that, yes.

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**Mr. Charlton:** Are you too personally involved in the review itself?

**Mr. Ciemiega:** Not directly.

**Mr. Charlton:** Are you in touch with the review?

**Mr. Ciemiega:** Yes.

**Mr. Charlton:** Can you give us some kind of indication in terms of time line, when we are likely to see the legislative amendments announced?

**Mr. Ciemiega:** That I could not do.

**Mr. Matrundola:** Mr. Chairman, I would like to ask a couple of questions which may not be quite related to these, but which, in my own mind, are certainly important. Does Ontario Hydro supply electricity to users directly or do you supply through the local hydro agency of the municipalities? Take, for example, North York Hydro and Ontario Hydro. In my home, electricity is supplied by North York Hydro. Do you have clients per se directly, or is it always done through the municipality?

**Mr. Gardner:** Ontario Hydro is both a wholesaler and a retailer, so we deal directly with about one million customers.

**Mr. Matrundola:** Who sets the price of hydro per kilowatt?

**Mr. Gardner:** Your price from your own local utility will be based on the wholesale cost, and it is a common cost to all municipal utilities. Then they have to add in their own distribution costs within the municipality, and that would be affected by their own labour rates and the kind of system they want to establish. That gives rise to the differences between North York and perhaps Scarborough.

**Mr. Matrundola:** In other words, when Ontario Hydro sells hydro to North York Hydro, Richmond Hill Hydro or the Markham Hydro Electric Commission, the price is the same per unit to all the different municipalities?

**Mr. Gardner:** It is made of two components, but it is a common price. There is a price for demand and a charge for each kilowatt-hour supplied.

**Mr. Matrundola:** I understand. The point is, do you have a different price for different municipalities, according to the amount of electricity used or is the price so much per kilowatt, whether the municipality is buying 1,000 megawatts or 30,000 megawatts, to go to the extreme?

**Mr. Gardner:** Basically the price is the same. Delivery-supply conditions will give rise to some price differentials. If we deliver a high voltage of 230 kv, as we would do in the Kitchener area, they get a bit of a break because they are incurring the cost to take it down to lower voltages.

**Mr. Matrundola:** So there is a fluctuation in price.

**Mr. Gardner:** Essentially, it is a common price, differing only by what you assume are normal variations due to supply conditions.

**Mr. Matrundola:** Then the municipalities set their own prices for their own customers, the retail price.

**Mr. Gardner:** Yes, subject to Ontario Hydro's regulatory control, which was mentioned by Mr. Ciemiega.

**Mr. Matrundola:** I see, and that again may fluctuate according to the municipality and users and so forth.

One more question please: when you supply hydro directly, to a large customer, is the price more or less in the same level per unit as supplied to municipalities or may it vary a lot?

**Mr. Gardner:** All the large, direct customers and our rural customers are lumped together and treated as if they were one large municipal utility for allocating costs. When you start setting rates



to recover that cost responsibility from that conceptual utility, then slight differences come in because we would set rates for a direct customer a little differently than Hamilton Hydro might set rates for Dofasco. That is essentially the reason there are slight differences. There are moves to reduce even those differences, which were before the Ontario Energy Board this spring.

**Mr. Matrundola:** Dofasco is a good example. Do you supply directly to Dofasco, or do they buy through Hamilton?

**Mr. Gardner:** I think you have me there. Some years ago I know we supplied directly to Dofasco, and I think we still do. They have relinquished their right to supply to us.

**Mrs. Grier:** I wanted, if I could, to come back to the question of accountability because, certainly in your recitation of the sections of the Power Corporation Act, it appeared clear that the power for the government to say yea or nay to Hydro was there. I think I understood you to say the government could not direct Hydro to do things, but certainly an awful lot of Hydro's actions were subject to review by the government. Is that a correct interpretation?

I would be interested in hearing a little about the mechanism within the ministry, because I am not familiar with your organizational chart, to undertake that review. If, for example, Hydro comes to you with a recommendation, what happens then? How is it evaluated within the ministry?

**Mr. Ciemiega:** Well, there would be a recommendation for an order in council. Therefore, it would need the minister's approval before it is sent on to cabinet, but before the minister sees it, it would go to the proper people in the ministry, whichever area would be involved and they would, in effect, study whatever it is that had been submitted and come forward with their recommendation. Only after that recommendation comes forward does the minister look at it and make his determination.

**Mrs. Grier:** So it is an independent evaluation within the ministry of any recommendations that come from Ontario Hydro?

**Mr. Ciemiega:** Not all of them come to the ministry. There are those relating to financial matters which would go to the Treasurer (Mr. R. F. Nixon), and there, I am sure, they would do the same thing.

**Mrs. Grier:** I see. For example, if it was a recommendation for approval of a capital allocation for a new generating facility, which you

indicated was part of its process, surely that would be reviewed by the Ministry of Energy, not merely by the Treasury.

**Mr. Ciemiega:** Probably both.

**Mrs. Grier:** But there is no recognized—

**Mr. Ciemiega:** I am sure there is. I am just not that familiar with what the process might be.

**Mrs. Grier:** Is there any mechanism within the ministry for a follow-up on the implementation of those recommendations by Hydro? When Hydro comes to you and makes a recommendation and it is approved by the Lieutenant Governor in Council, does anybody then monitor the following through on that recommendation?

**Mr. Ciemiega:** I would believe that is the case, yes. I personally do not know. I have not been with that ministry that long.

**Mrs. Grier:** But there is, presumably, legislative authority for that kind of monitoring to occur from the ministry?

**Mr. Ciemiega:** I do not think you would need legislative authority to do that.

**Mrs. Grier:** Because at that point it is a recommendation of the government, not of Hydro, if it is being implemented—

**Mr. Ciemiega:** There can be audits under the act, as I pointed out. The Lieutenant Governor in Council appoints the auditors and I am sure he can send them whenever he wants, to go in and look at whatever he wants.

**Mr. Runciman:** The chairman was before us yesterday. I do not have all the details on this, but I know I have been contacted by some people with concerns about Hydro not having any debt repayment plan in place. The chairman mentioned that there was a statutory requirement in terms of debt repayment. I am wondering if you could outline what that requirement is and if it deals in a meaningful way with the debt carried by Hydro.

**Mr. Gardner:** They are in clause 75(c) of the act, and this section has really given great support to Hydro in raising money in the markets. There is a requirement that, included in the cost of power, there must be "an annual sum sufficient to form in 40 years, with interest at four per cent, a sinking sum for the repayment of the advances made by the province of Ontario...for the repayment of any other indebtedness incurred or assumed by the corporation in respect of the cost of the works, and for the restoration of any reserve or other funds that the corporation utilized for the payment of the cost of the works."



So each year, when they are determining the cost of the power, they are, in effect, running a sinking fund charge to retire debt, and that money is applied to debt.

**Mr. Runciman:** When you are talking about retiring debt, I think of seeing at some point in the foreseeable future some diminution of the debt. Mr. Franklin indicated to us that he does not see that happening, that in fact, over the long haul, there is probably going to be some increase in the debt. He confirmed that about 50 per cent of their revenues are now directed towards paying on the debt.

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I am concerned that, as you read it, I guess there is no requirement there to really and effectively retire the debt. It is in how you interpret the retirement of debt, whether you have a debt and you pay it off, but the total level of debt remains constant or gets even higher, tends to increase. I am wondering about the legal interpretation with respect to the retirement of debt.

**Mr. Gardner:** The act permits it to be used for the restoration of expenses, which is debt if you had to borrow the funds to incur those expenses. You are retiring debt. Remember that your assets are growing too all the time, so as long as this sinking fund is running, eventually you would retire all debt if you stopped building.

**Mr. Charlton:** So too the debts will increase by several hundred million each year as the capital construction goes on.

**Mr. Runciman:** As a person sitting on the outside looking in, in terms of 50 per cent of the revenues being directed towards the debt repayment and the general reluctance on the part of Hydro to use windfall revenues—for example, that which may come as a result of the differential in the Canadian-United States dollar this year—to significantly impact on its debt over the longer term, I am just wondering if the wording of the legislation is strong enough in terms of increasing the level of accountability in that one direction, in terms of the debt. It is a major concern of many, I think, obviously not the people who give them their credit rating, but others have some concerns.

I am not sure where I am going on this, but I know it has been expressed just recently by, I think, the chairman of the board of the public utility in North York. There was an article in one of the Toronto publications with respect to their concerns about the debt and its implications for Hydro in the future.

**Mr. Gardner:** All I say is that the act establishes a minimum standard. In its proper financial management after that, how far you go is a matter of judgement, I guess.

**Mr. Runciman:** We were made aware of something the other day. Mr. Ciemiega mentioned that the licensing of nuclear plants comes within the purview of the federal government. A federal committee recommended a freeze on nuclear plants until an answer is found for the disposal of waste. We were advised that the federal minister has indicated he is going to disregard that recommendation because that falls within provincial jurisdiction. Is that a contradiction?

**Mr. Gardner:** I heard that Mr. Masse had said that this report by a committee was not going to bind the government. I had never heard that reason before. I am surprised, but I assure you that, clearly, nuclear plants are licensed by the federal government. They have the last say-so on whether one is built or not.

**Mr. Runciman:** That was a comment made during one of our subcommittee meetings. I am not sure who advised us of that fact. You would have difficulty with that statement.

**Mr. Gardner:** I would have difficulty with that statement.

**Mr. McGuigan:** Gentlemen, you have given us quite a litany of the controls that exist. Is it fair to say, as a sort of general, overall statement, that the government has pretty wide powers of control over Ontario Hydro, particularly in the financial area and in the regulatory area, whereas it does not have control over directing Hydro to do certain things? Is that the general picture we can take from your presentation?

**Mr. Gardner:** I think that would be a fair statement.

**Mr. McGuigan:** I guess those of us who sat in opposition, particularly when our leader was Dr. Smith who was always making an attack on Hydro, would listen to the former Premier, and it was always his contention: "Well, there is this distance from us. We have the Power Corporation Act and you are really attacking the wrong people." He created the impression that we do not have any control over Hydro.

I guess a lot of us suspected, but did not have the information you brought forward, that really any government, whether it is the present one or whatever government, has a good deal of control over Hydro, except that you cannot direct Hydro to do certain things. That is a pretty fair statement.



I just want to clear up another point on rates. Mr. Matrundola brought up the subject. You still have to look at this somewhat in isolation. This is a person who lives in the shadow of Niagara Falls. The household bill would be at the same rate as for someone in, say, North Bay, except for however the local municipality might affect that rate. Is that correct?

**Mr. Gardner:** That is correct. Essentially, that is the story.

**Mr. McGuigan:** What brought that up is that I visited Love Canal on the American side, and one of the explanations they gave for the fact that Love Canal existed there was that in the early days of Hydro—this would be in the early 1900s—the American power producers gave a cheaper rate right at the plant gate so the chemical industry, which was a very heavy user of electricity, established itself in that area and then threw its waste out in the backyard. In fact, it threw it into Love Canal. So you do not do that in Canada. You have an equalized rate no matter where you live except for whatever the municipality does.

I remember when Cyanamid Canada Inc. established its nitrogen plant in Courtright within a stone's throw of the Lambton generating station. It was said the reason it located there was because it were close to that generating station and power was cheaper. I have no axe to grind against the fertilizer plant. I am just wondering, was there any truth to that statement? I remember hearing it.

**Mr. Gardner:** The system you refer to in the United States did exist in Ontario up to about 1965. It used to be called "costing by wire." Depending on how far you were, the price would be slightly different. Most of the costs are pooled and while there are some common costs, there are a few noncommon costs.

If a utility wants some special thing done for it, it has to pay for that. It is the typical thing you would do if you were running your own business if a customer wants a special deal. He wants you to provide the transformer, so he is going to have to pay rental and things like that. It has been essentially common cost pooling.

**Mr. McGuigan:** This was in 1965?

**Mr. Gardner:** Yes.

**Mr. McGuigan:** Was an amendment required?

**Mr. Gardner:** No. That was just a business decision Hydro made.

**Mr. McGuigan:** I think that plant probably predated 1965.

**Mr. Gardner:** They may feel that getting near Lambton they have a security of supply, being next to a plant. A short-line length of line for a chemical plant is very important. They may have been able to get dual-line supply off two circuits from a tower line, which would be a very high class of service. Those things are important to chemical companies.

**Mr. McGuigan:** They are right close to where a big line runs across the river. If there were a shortage in Ontario, it would pull in Michigan by Detroit Edison, I suppose. But since 1965, pricing is essentially the same all over the province. How does that apply to northern Ontario?

**Mr. Gardner:** There are some municipalities there, so they are on the same on common costs, but there are unorganized parts of the province where there is no municipal government and a few municipal governments have chosen not to set up utilities; Timmins, for example. We are the retailer. Essentially, the same common cost gets rolled into determining the costs of power to those customers, plus the distribution costs we have that are identified as related to that customer group.

1500

**Mr. McGuigan:** One could safely say then that Hydro does not have an influence on regional development as to whether an industry goes into eastern Ontario, northern Ontario, southwestern Ontario or whatever.

**Mr. Gardner:** I could not answer that question, Mr. McGuigan, because the rural rates are different from what you would pay in North York. I could tell you about the relativity influence in industry.

**Mr. McGuigan:** I am saying this on the basis of your saying costs are shared equally throughout the entire province.

**Mr. Gardner:** Certain basic generation costs and certain basic transmission costs. Then when you get down to distribution level, the cost differences get reflected in the rates.

**Mr. McGuigan:** Would it be safe to say that whatever influence you have is minor?

**Mr. Gardner:** I have never believed that an industry locates in Ontario particularly for Hydro rates. They come to Ontario, as distinguished from other states, for Hydro rates, but then when they get here they are looking at where they are in the Golden Horseshoe, because as long as there is a Hydro line nearby, they know the rates are essentially common.

**Mr. Brown:** I have a couple of questions, one relating directly to Mr. McGuigan's question. It is my understanding Ontario Hydro is prohibited by statute from using the rates as a development tool; in other words, for example, at this point, to grant special rates in a given area in northern Ontario just to attract industry or whatever. Is that correct?

**Mr. Gardner:** That is correct.

**Mr. Brown:** I was wondering, from your knowledge, what significant differences would be between our Power Corporation Act and the acts of, say, the neighbouring provinces, Quebec and Manitoba? This may be an unfair question, but are there significant differences you might be aware of?

**Mr. Gardner:** Structurally, to get them out and read them, Manitoba's or Hydro-Québec's—Hydro-Québec is a different type of corporation, you know—you are going to read a lot and say, "Hey, that looks like the same legislation as in Ontario." They used us as a role model. We were the first. The contracts they use with their customers are a lot the same. Each province has its own special needs and it is reflected in its legislation, but they are not that different.

**Mr. Brown:** Ontario Hydro, therefore, as far as regulation goes, we could assume is relatively similar to the other major corporations in the country.

**Mr. Gardner:** I would say generally similar. Hydro-Québec is a special situation. It is now a corporation that pays a dividend back to the government, if you read the legislation, although it has not paid it for a few years.

**Mr. Brown:** Thank you.

**Mr. Chairman:** Thank you, Mr. Brown. Mrs. Sullivan?

**Mrs. Sullivan:** No, I will withdraw.

**Mr. M. C. Ray:** I would like to ask a couple of questions, one related to demand management and the relationship between Ontario Hydro and municipalities, municipal corporations and the private sector.

You have indicated there is no power to make grants. Is there in the Power Corporation Act or the Public Utilities Act any provision for Ontario Hydro to make orders or compel municipal corporations or private sector corporations or persons to adopt particular courses of action, especially, let us say, in particular demand-management measures?

**Mr. Gardner:** I would say the general answer to that is no. The government had to bring in the

Energy Efficiency Act. That reflects a recognition that to make progress in this area, it may have to bring in spot legislation.

**Mr. M. C. Ray:** They could include it, could they not, in part of the review of the Power Corporation Act, to empower Ontario Hydro to undertake such functions? But you do not know if that is under consideration.

**Mr. Gardner:** I could not say.

**Mr. M. C. Ray:** The second question I have relates to public accountability. You have said that Ontario Hydro is subject to the Expropriations Act and the Environmental Assessment Act. I am not sure if you mentioned the Environmental Protection Act. I am curious to know if it really has been subject to all of that legislation, in the sense that it has tried to seek exemption from the application of some of those statutes.

Since I am not too familiar with this, could you fill me in on the background of Hydro's environmental assessment exemption applications as they relate to transmission lines and also as they relate to the location of nuclear facilities?

**Mr. Ciemiega:** Perhaps that question had better be asked when the next panel appears, because they will be speaking about environmental assessment matters and they may be in a better position. Unless, of course, Mr. Gardner—

**Mr. Gardner:** I could give you a generalized answer, because we have lived with the Environmental Assessment Act now for 13 years. When the act was being promulgated with the regulations, every government institution—because it was just government institutions that were under the act at first; it did not affect the private sector or municipalities at the beginning—had projects in the works. They all received exemptions initially on projects that were far advanced or they would have had to stop them.

I think on that first list we got 17 exemptions and they were sort of job-specific, things that were going on. Then later, over the years, I think we have only received six or seven, mostly in the minor category, with the exception of Darlington which was in the advanced stage at that time.

The exemptions we have asked for or have got have not been overwhelming, whereas we have taken well over 100 projects through the Environmental Assessment Act process, with resulting approvals under the act, and only had two public hearings on transmission projects in eastern and southwestern Ontario, in both of which, by the way, we requested the hearings



ourselves. They were done under the Consolidated Hearings Act.

**Mr. M. C. Ray:** As a matter of course, then, Ontario Hydro will proceed through the environmental assessment process and not make application for exemption, or does it, in fact, make application for exemption as a matter of course and is forced through the hearing process?

**Mr. Gardner:** I think the asking for exemptions is very infrequent. Most projects are taken through under the act. I think the exemption number might be OH26, which means that in 13 years we have moved from 17 to 26, something like that, so it is nine.

**Mr. Matrundola:** I would like to ask how the Hydro rates are set and who authorizes an increase. How does that mechanism work?

**Mr. Ciemiega:** Are you talking about the rates Hydro wishes to charge to its industrial customers and the—

**Mr. Matrundola:** And residential, as well.

**Mr. Ciemiega:** I am not sure about the residential.

**Mr. Gardner:** We have to approve the municipal utility rates, under section 95 of the act, so they have to make a submission and back it up as to why they want to have a rate increase. In the rural area, Ontario Hydro fixes the rates and we also fix the rates to direct customers.

**Mr. Matrundola:** When Richmond Hill Hydro wants to have an increase to the customer, to the retail user, it has to make a proposal to you and then you will have to approve that increase and it has to substantiate that increase.

1510

**Mr. Ciemiega:** That is correct.

**Mr. Matrundola:** That is based upon the price Ontario Hydro sets to that.

**Mr. Gardner:** We know what the wholesale costs are—

**Mr. Matrundola:** From year to year or from time to time, how do you increase the Hydro cost that you wholesale to the municipalities?

**Mr. Gardner:** Most of those go through the process under section 37 of the Ontario Energy Board Act where we have to make the submission to the Minister of Energy eight months in advance. It goes through that process that was described.

**Mr. Matrundola:** Then it will be approved eventually.

**Mr. Runciman:** In terms of the Ontario Energy Board process where the rate request is

submitted to the board, in the last couple of instances, what has occurred there? I know there has been some discussion about the board's recommendations not being binding on Hydro. Has the energy board recommended higher rate increases than Hydro has proposed, or lower? I know there has been a difference.

**Mr. Gardner:** I believe the last increase was higher than what the board recommended, depending on the way you read the board's report. There was an error in their calculations, but I think we were higher in the end. I think there will be people here from the demand-management branch later who could give you information on the last 10 years, say, on what has happened. It sticks in my mind that historically, if we follow the energy board's recommendations, we would be one per cent higher today than what we put in, in effect, ourselves. From year to year, we may be lower or occasionally higher.

**Mr. Matrundola:** I have just one more question. For a 15,000-, 18,000-, or 20,000-volt Hydro line on wooden poles, how high are the exposed wires generally from the ground?

**Mr. Gardner:** I am sorry; I do not know.

**Mr. Matrundola:** Who would know that?

**Mr. Gardner:** There will be people before this panel later in these proceedings who are familiar with engineering details and how you construct Hydro lines.

**Mr. Matrundola:** Maybe the engineering department will know how high they need to be. In some cases, they seem to very low, very close to the ground and could pose dangers sometimes.

**Mr. Chairman:** If there are no further questions, I think we have reached the end of the time for this section of the hearings. I would like to thank Mr. Ciemiega and Mr. Gardner for coming and speaking to us today.

I understand that the people from the Ministry of the Environment would like to set up some equipment, so I think we will adjourn the committee for about five minutes. We will turn the air conditioner back on as well.

The committee recessed at 3:14 p.m.

1523

**Mr. Chairman:** I wonder if I can ask everyone to take their seats and we will get the meeting under way again. I think we have our technical arrangements in place. I guess we will start this section. I will just wait for a couple seconds and allow everybody to get a copy.

I am going to leave the air conditioner on. I think the room warmed up a little. The experiment did not quite come out as I had hoped, so I

will ask again that everybody make a point of speaking directly into the microphone—that is for the benefit of the rest of the committee and for Hansard—and speak as loudly as possible. Perhaps the rest of the people who are not talking at any one time could avoid making too much extraneous noise. We have enough from the air conditioner. It is very distracting for all members.

This section of this afternoon's session will be from the Ministry of the Environment. We have today Ian Veitch and Michael McLeod, who are going to speak to us about the Environmental Assessment Act and some of the implications it might have for Hydro developments. Perhaps, Mr. Veitch, I could turn the meeting over to you.

### MINISTRY OF THE ENVIRONMENT

**Mr. Veitch:** Thank you, Mr. Chairman. Good afternoon to all the committee members.

I would like to direct the presentation of the Ministry of the Environment to three specific areas this afternoon. For the first area, I would like to give you a general overview of the Ministry of the Environment's environmental legislation. The second area we would like to cover is an explanation of the Environmental Assessment Act and the process in more detail for the committee. The third area explains how the Environmental Assessment Act affects Ontario Hydro operations.

The purpose of the Ministry of the Environment is to act as a regulatory agency in protecting and wisely managing the environment of Ontario. The Ministry of the Environment uses four pieces of legislation: the Environmental Assessment Act, the Environmental Protection Act, the Ontario Water Resources Act and the Pesticides Act. What I would like to do for you is to give you a general overview of those pieces of legislation, leading to the Environmental Assessment Act which I will explain in more depth.

I would like to leave the committee with two general themes today. One is that the Ministry of the Environment employs a careful blend of incentives, disincentives and regulatory reactive and regulatory proactive approaches to protecting Ontario's environment. You can see from the overhead that the preventive medicine side of the ministry operates in a planning mode that is really a proactive approach to dealing with environmental protection. In this area is included a review of provincial and municipal projects under the Environmental Assessment Act and a review by the Ministry of the Environment of

land-use planning documents under the Planning Act.

A complement to the planning side of the ministry's activities is our well-known role in emission source control. In this area, we approve methods or devices to control and prevent emissions of contaminants under the Environmental Protection Act and the Ontario Water Resources Act.

We also have funding programs available to assist certain types of sewage, water and waste facilities that are proposed by municipalities and others. We also have a very sophisticated network of air and water quality monitoring across the province. In fact, our laboratories are known worldwide for their quality, analysis and comprehensiveness.

Diagnosis and treatment is another form of environmental protection that is really used in the ministry. In this area, we are referring to pollution abatement activities that react to pollution incidents and enforcement. We have increased our enforcement capability in the ministry. We have an enforcement branch that has increased staffing considerably in the past few years and a number of prosecution lawyers have been retained by the ministry.

We also have a spills action centre with a hot line by which people from across the province can phone in at any time over 24 hours a day to report spills, and there will be a comprehensive response to those spills and emergencies.

That, in a very generalized fashion, gives an idea to the committee that the ministry employs a blend of proactive and reactive means to protect the environment and also employs a blend of incentives, funding, technical assistance and disincentives through the enforcement-abatement modes.

A second theme I would like to leave with the committee, if I may, is that the management of Ontario's environment is a shared responsibility. Not only should the Ministry of the Environment and other government agencies, provincial, federal and otherwise, be responsible for our environment, but there are rights and responsibilities that must be borne by the private sector and all proponents.

### 1530

I would like to go to the Environmental Assessment Act right now for you. The Environmental Assessment Act came into force in 1976. It originally applied to the crown, provincial agencies, including Ontario Hydro, GO Transit, the Ministry of Transportation, Ministry of Natural Resources and others. It spread to the



municipalities later in the 1970s and early 1980s and to conservation authorities and has been applied on a selective basis to at least eight private sector activities.

The intention of the Environmental Assessment Act is to promote three things: one is good planning; two is informed decision-making, and, very important, three is the protection of the environment.

There are four or five key characteristics of the environmental assessment process as contained in the Environmental Assessment Act.

The first one is public involvement, and here we are referring to the many opportunities the public has to become involved at an early stage in a proponent's project proposals, whether it be a transmission line, a generating station or a minor waste management operation. We stress in public involvement presubmission consultation, which is the stage at which proponents do most of their planning and conceptualizing work, their systems analysis and so on. We have a policy on presubmission consultation which gives us the mandate, if you like, to require proponents to become fully informed and to inform and involve the public in the project as it proceeds and becomes more detailed just prior to formal submission of an environmental assessment.

The second key characteristic or feature of environmental assessment is the scope of the environment. Unlike the Environmental Protection Act, the Ontario Water Resources Act, we are looking not only at the natural environment—the air, land and water environment—but at the social, economic and cultural environment. That is what we call the full scope of the environment as defined in clause 1(c) of the Environmental Assessment Act.

The third key characteristic is that a reasonable range of alternatives must be assessed by proponents, such as Hydro, in their analysis and documentation.

A fourth key characteristic is the identification and analysis of net environmental effects, those which are left over after mitigation has been applied to them. This is where the agencies such as the Ministry of the Environment will examine their own policies and regulations criteria to see if the proposals are in conformance with them.

A fifth characteristic of the environmental assessment process is that there be clear, complete documentation which really wraps up the other four characteristics, and this is something which we often refer to as a traceable planning process that a proponent has gone

through in preparing the environmental assessment.

There are four major types of environmental assessments. The first type, which most of you are familiar with, is individual environmental assessments, which would be one specific project of a specific kind; for example, a generating station or a transmission line.

The second type of environmental assessment is a class environmental assessment, which is made up of undertakings which are of a similar type and have similar and predictable environmental effects that can be mitigated.

A third type of environmental assessment is the ability really to designate projects under the legislation which are not currently subject. The public and others have that opportunity to do so under section 40 of the Environmental Assessment Act.

The fourth type of environmental assessment is an exemption which is provided for under section 29 of the Environmental Assessment Act. There are guidelines being used by proponents that are currently being updated.

An exemption is granted mainly for three major criteria. One is environmental insignificance; two is the presence of an emergency situation; three is an overwhelming public interest.

I would like to highlight for you some of the elements of the environmental assessment process. There are at least five of them.

The first one is presubmission consultation. Proponents, in their preplanning, if you like, before they submit a formal environmental assessment to us, in preparing a draft and even before that in preparing their terms of reference, are required by policy to inform and consult with the public.

The second major step is the actual formal submission of an environmental assessment to the Minister of the Environment. This is done by proponents.

The minister then initiates the third stage of the process, which is the preparation of the government review.

The fourth stage of the process is the public notice of completion of the government review, wherein the public has 30 days to ask the minister for a hearing based on the acceptability of the environmental assessment or for an approval of the undertaking.

The fifth area is the actual decision stage, where there can be a public hearing required by the public of the minister under the Environmental Assessment Board or, in cases where

there are other matters to be dealt with, the consolidated joint board, which can involve members from the Environmental Assessment Board, the Ontario Municipal Board and so on.

Just a few words about the government review: It is undertaken by a number of provincial ministries. Many of you are familiar with them. There are at least 24 possible candidate ministries that may be commenting upon any given environmental assessment or class environmental assessment. That government review, with the environmental assessment, is put on the public record.

As I mentioned, the public has an opportunity to become involved in the review of the environmental assessment after the notice of completion is published and may make submissions to the minister for a hearing.

Most projects in the history of our act do not go to hearings. In fact, only between 10 per cent and 20 per cent of them have historically gone before the Environmental Assessment Board or joint board, but there are provisions in the Environmental Assessment Act that lay out the mandate, under section 18, for the composition and the matters that the board may deal with.

Where is the environmental assessment program going? Many have referred to the Environmental Assessment Act as the most comprehensive piece of environmental legislation in the world. Others have been less generous in their opinions about the legislation.

#### 1540

The environmental assessment branch of the Ministry of the Environment, with the minister's concurrence, initiated this April an environmental assessment program improvement project. This is part of the ongoing review of the day-to-day operations of the environmental assessment program.

It has three major elements to it. One is a comprehensive review of the workings of the program and legislation. The second one is that the program improvement project is very consultative. It will be undertaken with the public and a number of advisory committees and interest groups. There has already been an opportunity for the general public to learn about this project through the month of June, when the members of the team went across the province to host at least eight open houses.

The third element of the program improvement project is a two-phased approach to improvements. The first phase is the short-term legislative and operational improvements which are intended to be completed by early 1989. The

second phase is a set of more comprehensive environmental amendments, changes to the legislation in early 1990, that will have taken somewhat more time because of their complex and perhaps controversial nature.

That gives you a general overview of what the Environmental Assessment Act is, how it operates and where it is going in the very short term.

How is Ontario Hydro subject to the Environmental Assessment Act? Ontario Hydro is subject to the Environmental Assessment Act in this fashion: all new facilities such as major transmission and generation facilities are subject to the legislation. It is subject through regulation 205/87. It is listed as a public body and its activities are subject to the act.

One of the members raised some questions about numbers of exemption orders and so on. There are a number of exemption orders in place for Ontario Hydro operations. There are about 33 exemption orders, the more recent ones with fairly extensive conditions imposed upon them. They cover such areas as the secondary uses of Hydro facilities and properties, remote energy facilities and property acquisitions. Through regulation 205, general operation and maintenance activities are not subject to the legislation.

There have been about 15 approvals under the Environmental Assessment Act granted to Ontario Hydro since the inception of the legislation, mostly transmission-related approvals. Twelve of those are individual environmental assessment approvals; three of them are class environmental assessment approvals. Two Ontario Hydro projects have gone to joint board hearings: the eastern hydro route and plan stage facilities and the southwestern hydro plan and route stage proposals, both approved.

There are currently six Ontario Hydro projects in presubmission consultation; a mix, really, of transmission and generation facility proposals. There is one Ontario Hydro project which has been formally submitted under the legislation. That is the flue gas desulphurization program, which Hydro is proposing in part to meet the regulatory requirements of the Countdown Acid Rain program, a comprehensive regulation which will reduce sulphur dioxide emissions in the province.

Regarding the working relationship with Ontario Hydro, the environmental assessment staff of the ministry has a good relationship with the environmental department of Ontario Hydro. We meet with representatives, senior managers from that operation on a monthly basis to review and



monitor projects. We feel that most of the environmental assessments received from Hydro have been quite thorough and complete, allowing public consultation to occur.

That gives the committee a summary of the ministry's activities and legislation and the environmental assessment process and how it relates to Ontario Hydro operations.

I have a number of closing remarks for the committee, if I may. The first is that the Ministry of the Environment wants to ensure that Ontario Hydro complies fully with all ministry regulations and acts; second, that any Ontario Hydro strategy for meeting Ontario's energy needs minimizes impacts on the environment. This may mean looking at other options such as the use of renewable resources and energy conservation measures, the demand side of the equation.

The third comment is that the environmental assessment process does provide a comprehensive environmental planning review and approval mechanism for undertakings, including Ontario Hydro's operations, with a number of opportunities for public involvement.

Fourth, as with the principles of environmental assessment, the Ministry of the Environment would like to ensure that comprehensive environmental planning review and approvals do occur with public consultation as early as possible in the planning of undertakings, including Ontario Hydro's facilities.

That concludes our submission to the committee.

**Mr. McGuigan:** A question that has come up a number of times in my riding from constituents has to do with livestock producers who allege that tingle voltage or stray voltage is affecting the health and viability of their livestock. What action, if any, would they get if they come to the Ministry of the Environment?

**Mr. Veitch:** Is this in relation to proposed or existing rights of way?

**Mr. McGuigan:** It is existing. They allege a tingle voltage or stray voltage is causing them losses in their livestock operations. Customarily they go to Hydro and run up against a pretty hard bunch of people on that one. Do they ever come to you or do you have a role in that business?

1550

**Mr. McLeod:** I guess where we would get involved in something like tingle voltage is normally, if there is a hydro transmission line running through an agricultural area—for example, southwest Hydro is probably a good case to look at—one of the concerns, of course

with cattle, and in particular cows, is that the tingle voltage tends to reduce milk production, as I understand it. I am not an agrologist. If that is a concern that comes up through the environmental assessment process—and usually we would see something like that pretty early on in the process, during presubmission consultation—that is one of the things we would bring forward to Ontario Hydro. We would ask, "How are you going to deal with this?" Then they have standard processes that they use for grounding out the voltage to prevent any harm.

**Mr. McGuigan:** I am talking about lines that already exist, and often they are way out in the country, a long way from high-tension lines, and still these people allege that the problem is due to stray voltage. Do they come to you? Do you have a program whereby you go out and do testing and so on?

**Mr. McLeod:** Not as far as I am aware, no.

**Mr. McGuigan:** It is largely then a case between the farmer and Hydro itself rather than between Hydro and the Ministry of the Environment.

**Mr. McLeod:** Yes, or a local utility, I suppose, if it is not Hydro.

**Mr. McGuigan:** Do you have a mandate in that area, if a farmer comes to you and says: "Hey, you people are responsible for the environment. Get out here and do something"?

**Mr. Veitch:** Perhaps we do through the Agricultural Code of Practice. The Ministry of the Environment is one of the parties to that code and could have a role, but I would think it would be largely Ontario Hydro's responsibility, perhaps involving also the Ministry of Agriculture and Food. Our role would be an indirect one, if any.

**Mr. McGuigan:** The reason I ask the question is that I have had some experience in this area, and it seems to be the farmer versus Hydro. He does not get much help other than that. I am just wondering whether in parts of the country you consider that as part of your mandate. I guess the answer I am getting is it is not.

**Mr. Veitch:** Not directly.

**Mr. Runciman:** I had a bit of a problem with Mr. McGuigan's question. Who carries out the research for the ministry? In things like what Mr. McGuigan was talking about, I think there was some study in New York state recently where people living within a certain distance of a hydro transmission corridor were being subjected to some apparently very real health hazards, as that

study determined, in any event. I am just wondering who does research on things like that.

I do not know the chemical that is being sprayed by Hydro on the transmission corridors; 2,4-something, whatever it is. It is causing suspicions that it is a cancer-causing agent. It is being used extensively by Ontario Hydro in spraying around the corridors.

Do you have to depend on other agencies to bring this information to your attention or do you have your own research arm? How do you go about it?

**Mr. Veitch:** We do depend on other agencies. We use the Ministry of Health, for example. We have the hazardous contaminants branch, and we do administer a Pesticides Act, which deals with herbicides and pesticides and their proper handling, storage and use.

I understand that Ontario Hydro is doing its own studies of health effects of high-voltage transmission lines, and that may be a good question to ask it specifically. Our technical people may be involved in a consultative way with Hydro. I understand there will be, perhaps later in the committee's meetings, some technical representatives from the ministry to speak to some of the other matters under the Environmental Protection Act and the Ontario Water Resources Act, which may be useful for the committee as well.

We also have a number of pieces of information we would like to leave with the committee, if we could. We have a sheet on Ontario's environmental legislation, which expands a little bit upon the legislative requirements of the ministry. We have a backgrounder on MISA, which is the municipal-industrial strategy for abatement program, which gets at some of the water-related aspects of industrial/municipal discharges. We also have some literature on the Countdown Acid Rain program, which I think some of you are familiar with.

**Mr. Chairman:** Perhaps you could give those documents to the clerk. She can make them part of the record and distribute them to the members.

**Mr. Runciman:** I have a few more questions. I am just curious about acid rain emissions from the coal-fired plants and Ontario Hydro's commitment to significantly reduce its acid gas emissions over a period of time. In this past year we saw more coal-fired units come on stream. One of the mothballed plants in eastern Ontario was fired up. I am just wondering if the Ministry of the Environment gets involved in those kinds of decisions which seem to contradict your commitment to reduce acid gas emissions.

I am trying to see what relationship it has in terms of exports of hydro. Ontario Hydro is exporting to various jurisdictions, and I have to wonder, just sitting back, whether indeed it is necessary to put more coal-fired generating facilities on stream if we are indeed exporting to other jurisdictions.

I am not sure, but I am wondering if you take a look at the possibility of reducing exports, which I realize could have an impact on rates in this province. Rather than putting those additional facilities on line, would it not be wiser, in terms of the environment in any event, to simply reduce exports? Do you look at that question?

**Mr. Veitch:** Hydro, from our understanding, remembering that we are from the environmental assessment side of the ministry and your questions should probably be directed to the people in the ministry who are administering the acid rain program, we would not likely become involved, speaking from the environmental assessment point of view, with a startup operation if the use, purpose, location or capacity of the facility did not change from its original intent, such as a mothballed coal-fired generating station. I understand that Hydro is required by our regulations to meet certain loading reductions, and certainly Hydro would have to consider that in opening a new operation. As we mention in our conclusions, we are certainly supportive of a strategy adopted by Ontario Hydro that would minimize impacts on the environment.

**Mr. Runciman:** In any event, as far as you are aware, you are not getting involved in those kinds of decisions. The ministry would not be suggesting to the corporation or the government, "Look, let's reduce our export sales and keep that coal-fired plant off line."

**Mr. McLeod:** Maybe I can add to that. Directly related to exports, it is difficult for us to get involved with exports in that really, because that is outside of some of the things we would look at specifically in terms of international trading of energy and stuff like that. Where we would get involved is in new generation, for example, a new proposal. We will ask, during the presubmission consultation process, Ontario Hydro to look at such things as conservation, which may include some form of demand management which it would have to justify.

**Mr. Runciman:** I appreciate that. I do not want to prolong this. I appreciate that in terms of new facilities you are going to be playing that role. I was just trying to minimize the role that coal-fired stations have in the whole picture and



talking about whether you enter into it at that stage.

The minister yesterday indicated to us that he is looking at about an 18-to-24-month time frame in terms of reaching a decision about the commitments. How does that fit in with your ministry in terms of, if the minister, the government and Ontario Hydro make a decision a year and a half to two years from now that another major nuclear facility is the way to go, what kind of time line are we looking at to go through all of the approval stages with your ministry?

**1600**

**Mr. Veitch:** It could vary. The time line for a nuclear generating facility, for example?

**Mr. Runciman:** Yes.

**Mr. Veitch:** Just as a ball-park estimate, I would think that Hydro would be looking at some fairly extensive presubmission consultation, which could take several years, and a formal government review would certainly take the better of nine to 12 months. If there is no hearing, there could be an approval six months after that, assuming the best case, so you are looking at several years. I would not want to put an exact number on it.

**Mr. Runciman:** Does that preclude the corporation from putting a shovel in the ground for a period of years? Is that what you are suggesting?

**Mr. Veitch:** Yes.

**Mr. Runciman:** We are saying that the minister is talking about it taking, at the outside, two years before they make a decision which way they want to go, and then we are looking at another two or three years before final approvals are granted. We are talking, at the outside, possibly five years before construction can begin. As I understand the comments that were made earlier, we are looking at a 14-year process. I do not know whether that includes the five years you are talking about. Maybe it does.

**Mrs. Grier:** Five or six. It does.

**Mr. Runciman:** Five or six years. If it does not, we are looking at about 19 to 20 years before a plant would be fired up. Amazing.

**Mr. Chairman:** Mr. McGuigan has a supplementary.

**Mr. McGuigan:** Just to shorten that process, in the event that we went for another nuclear station, how would the Ministry of the Environment react if Hydro came to you and said, for instance, "We might want another nuclear plant

and we are looking at two or three sites, we want to hold an environmental assessment on the possibility that we are going to some day put up a nuclear plant"? Would you put your whole motion into gear on that sort of iffy proposition, or would you say, "No, we won't do anything until you have positive plans."

**Mr. McLeod:** The idea of banking on approval ahead of time?

**Mr. McGuigan:** Yes.

**Mr. McLeod:** I think it is something we would certainly consider. The Ministry of Transportation has done that in the past, and it is acceptable. It depends on the time frame.

One of the things we have to consider too, based on location, is what is going to happen to the environment, how much it is going to change over that period of time. If they get an approval now and they are not planning on building for, say, 20 years, what sort of changes to the environment can we expect?

There are other options that would be worth looking at, such as interim updates of data as the time approaches for the project to begin. I think the process is flexible enough to allow a creative method for dealing with the long-term process I would expect this thing would probably go through. That would include the hearings.

**Mr. McGuigan:** Within that context, could you sort of give the committee an idea, if that happened, whether you are taking a big risk that the environment would change in, say, eight or 10 years?

**Mr. McLeod:** I would probably say yes, if it was in southern Ontario or southwestern Ontario.

**Mr. McGuigan:** Yes, it would change.

**Mr. McLeod:** Yes, because with the growth and rate of development, there would be significant pressure on lands and things like that. In northern Ontario there might be a lesser degree of pressure, given its location. I think location is one of the key areas we would have to look at.

Quite often we have found, though, with highways and proposals such as those in southern Ontario, with the boom we have recently been going through, it is creating more pressures at a faster rate than we probably expected. The same kind of thing happened in the 1970s and sort of caught us too.

Again, it is something we would certainly entertain and look at and consider.

**Mr. Chairman:** Perhaps I can put you on the list, Mr. McGuigan, since Mr. Runciman did have the floor.

**Mr. McGuigan:** Yes.

**Mr. Runciman:** Just a couple of quick questions. Was the Darlington site—and there were only four units constructed or under construction—given approval for the eight units so that you would not have to go through the approval process for any further growth at Darlington?

**Mrs. Grier:** An exemption.

**Mr. Runciman:** Was it given an exemption? Would Hydro have to approach you at this stage or is that already fair game for them?

**Mr. McLeod:** As I understand it, there is only approval for a certain size and I think it is 4,800 megawatts, which is Darlington A. If there was a Darlington B, they would have to go through the EA process.

**Mr. Runciman:** It would have to go through the process?

**Mr. McLeod:** Yes. That is if there were an agreement, of course, between the province and the federal government.

**Mr. Cureatz:** Can I have a quick question? They would not have to go—

**Mr. McLeod:** Yes, they would have to go through the EA process and that is also dependent on the agreements between the province and the federal government as to which parts of the plant are covered under EA and which other parts of—

**Mr. Cureatz:** It would have to go through an assessment?

**Mr. McLeod:** Yes.

**Mr. Cureatz:** Just one quick one. If the size of the reactors were larger—my understanding is that they are developing a larger reactor. I guess if you are going through the process, that would be taken into consideration.

**Mr. McLeod:** Yes.

**Mrs. Grier:** Can I have a supplementary on that, Mr. Chairman?

**Mr. Chairman:** Just a short one. Poor Mr. Runciman is getting interrupted all over.

**Mrs. Grier:** Just in response to the answer that there would have to be an EA process for Darlington B, given the exemption and the exemption for the tritium removal facility, is there not a danger—in my mind—that exemption would be broad enough to exclude Darlington B, or can you categorically state that there would have to be an environmental assessment approval for Darlington B?

**Mr. McLeod:** If you give me a minute—I brought the exemption order with me because I

knew this was going to come up—I will have a look at it.

**Mr. Runciman:** While we are waiting, I have one little question that perhaps the other gentleman can respond to. This may not have a significant impact on Lake Ontario or other bodies of water, but I have read something about it in the past and that is the warm water effluent from a nuclear station. Has the ministry assessed the impact that has over a period of years on the water temperature of the lake and whether that is indeed significant on nature and could have a negative long-term impact on the quality of the lake and fish inhabiting the lake and so on?

**Mr. Veitch:** I am afraid I cannot help you with that one. That is one you will have to address to our technical water resources people.

**Mr. Runciman:** They are appearing before us?

**Mr. Veitch:** I understand they are, yes.

**Mr. Runciman:** OK.

**Mr. Chairman:** Do you have the answer to Mrs. Grier's supplementary?

**Mr. McLeod:** I do. The description of the undertaking is very clear. It includes the program of planning, designing, constructing, operating and maintaining a 3,400-megawatt nuclear generating-station project on the Darlington site. If they can build one generating station that has the capacity of 3,400 megawatts, then it is covered. If they build another station that increases that, then it is not covered. I am not a lawyer. This, of course, is all open.

**Mrs. Grier:** That is very clear. I do not hear tritium removal plants included in there. If it is broadened to include that—

**Mr. McLeod:** It is broad.

**Mrs. Grier:** It is broad. Thank you.

I wanted to get some comments from you on the ministry's response to DSPS. If you are not the appropriate people to ask about that, perhaps you should say so.

**Mr. McLeod:** We can answer some questions on it, I think.

**Mrs. Grier:** OK. I was interested in the comments from the Ministry of the Environment on DSPS and particularly the fact that you pointed out that sustainable development was not part of Hydro's goal or mission statement and that you felt that was something to which the ministry at least was committed. I am wondering about the other part of the Brundtland recommendations, which of course have been accepted by the government, which is the integration of



economic decision-making and environmental decision-making.

I guess I have two parts to that. How do you see that occurring during the process of approval of Hydro's planning over the DSPS and then into the option study? And while I agree that there needs to be integration of economic and environmental decision-making, I worry somewhat that when you do that, you are also at the same time making it more difficult for the Ministry of the Environment to do an objective, arm's-length review of the project, if you are involved in the decision-making at the very beginning.

How do you reconcile those two things as a ministry? How do we reconcile your obligation to review objectively projects and decisions and the desirability of having environmental decision-making closer to economic decision-making and part of the planning?

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**Mr. McLeod:** I guess that is a difficult thing that we run into in virtually every environmental assessment we carry out.

One of the best descriptions of the role we play is that of a facilitator. While we are not and do not profess to be economists or agrologists or any number of other things, we are generalists who have a particular expertise and skill in the area of environmental assessments, so we can speak in a general way. I guess we are there to help trigger discussion and inclusion of economic factors into the decision-making portion of projects.

At the same time, we also encourage the different ministries, agencies and the public, who participate in the entire process, to also give consideration to those kinds of things as well. There is a full sharing of information, as much as possible, to try to integrate those activities and areas of interest into a proponent's project so that we can get the best advantage for everybody out of a project.

**Mrs. Grier:** All right. So you are involved in the very beginning. You are part of the planning process. You are part of the tradeoffs that inevitably occur as the planning proceeds.

**Mr. McLeod:** As advisers in that process, yes.

**Mrs. Grier:** When the decision is finally made as to what route to go, how then do you change hats and become the objective evaluators of the project?

**Mr. McLeod:** One of the key things we are very careful to do is not to take sides in the process. As I said, our job is as a facilitator, an adviser to the process. We are sort of the key

body to help make it work. We leave presubmission consultation up to the proponent. We encourage it and we also encourage the ministries and the public to get involved in that process—we cannot tell them what to do—and we advise them as to the requirements we have for submitting an environmental assessment under the act. We advise people how our process works and then we carry out that review process when we get in. I guess this may be where you are linking the changing of hats into having the experts in those areas review them and make comments back as they see it.

When it comes to weighing advantages and disadvantages of different alternatives in the planning process that a proponent has for a project, when it is looking at different aspects of the environment, we do not get involved in that specifically. It is not our job to go in there and sit on the project teams, for example, and participate in the weighing of advantages and disadvantages. That is not our job. But we are there to help lend assistance, provide information and guidance leading to the ultimate decision that the proponent makes himself.

**Mr. Veitch:** It is important to recognize too that, as Mr. McLeod said, we are the facilitators of the process. We are not the decision-makers. The minister is the decision-maker of the board. We are primarily there as facilitators of the process to ensure, to the fullest extent we can, that the proponent complies with the administration of that process.

We mentioned some of the factors and some of the elements of that process that we look for. The government reviewers each have their own interests to protect in commenting on the environmental assessment documents, so really there are many actors throughout the whole exercise. The ultimate actors are the minister, the board and cabinet.

**Mrs. Grier:** The fact that there are so many actors is, of course, one of the reasons often given by proponents for wanting exemptions and avoiding assessment, because it takes so long. As one who wants to see the most thorough environmental review, I am also conscious of the fact that has now become, in some people's minds, an impediment to some of the things I would like to see Hydro do, such as expediting coal generation, small-scale hydro or some of the options, other than another nuclear plant, that some of us feel are more economically viable.

How do you see your ministry working with Hydro to facilitate those more flexible options and to avoid the argument being given by Hydro

that it cannot get into that because it will take too long or industry is not prepared to go cogeneration because of the hassles of environmental assessment?

**Mr. Veitch:** I think the answer to that is that we already have a process in place, with the Environmental Assessment Act and program, that does provide the comprehensive review, the environmental analysis, the public consultation at an early stage, formally. It is through vehicles such as this committee, the Porter royal commission and other vehicles that we have participated in sharing our views on ensuring that the elements of an EA process, even if you are not applying a formal mechanism, do get considered.

**Mrs. Grier:** In your comment on DSPS, one of the things I find interesting was the one sentence, "Some elements of demand management could be made mandatory." Could you expand on that?

**Mr. Veitch:** This would be for, let's say, a Hydro facility. One of the things that we examine is a reasonable range of alternatives to a Hydro operation, a coal-fired generating station, for example. Certainly one of the functionally different alternatives that Hydro has at its disposal is looking at the demand side of the equation and looking at reasonable options for energy conservation as ways to meet the same targets.

**Mrs. Grier:** The third point you make is the difficulty of cost-benefit analysis when we are into the comparison of the various options. What progress do you see your ministry making or what projects are under way to perhaps get a better handle on that as we go through this planning process with Hydro? How do you see yourselves contributing to making sure that the full environmental impacts are as quantified as they possibly can be?

**Mr. Veitch:** One of the key things we try to do in cost-benefit analysis, and that has a wide range of definitions, is ensure that the ministries and agencies that have specific interests in whatever the cost-benefit analysis is studying participate in that exercise.

A cost-benefit analysis that is carried on by Ontario Hydro, for example, is one that obviously is done internally by the organization. Now if that is to be tested, we have an economics group in our policy and planning branch which, upon our request, will do a certain amount of work where that work affects the mandate of our ministry. Where it goes beyond that, then we rely

on agencies like the Ministry of Treasury and Economics and other ministries to provide an appropriate analysis.

If there is nothing, they have no comments in a particular government review, then that is their position and they are prepared, obviously, to stand by it if it goes before a hearing.

**Mrs. Grier:** I have one final question, on a different topic, if I can. What role does your ministry play in the whole issue of nuclear waste? We heard about Atomic Energy of Canada Ltd. and its obligation to license nuclear plants, and I know it has traditionally been seen as a federal role, but as we begin to look more carefully at the costing and the disposal of nuclear waste in our evaluation of the nuclear option, where does your ministry come in, or does it?

**Mr. Veitch:** We view it as mainly a federal responsibility, but our ministry has always been available in an advisory capacity to assist the federal government in looking at reasonable and effective ways to deal with low-level radioactive nuclear waste.

**Mrs. Grier:** What about high-level, spent fuel?

**Mr. Veitch:** And high-level.

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**Mrs. Grier:** If we are trying to ascribe some costs to the waste disposal issue in evaluating the nuclear option, are you telling us that for information and data on that we go exclusively to the federal level, not to you? That is where the responsibility lies?

**Mr. Veitch:** That is where the major responsibility lies, yes.

**Mr. Charlton:** May I ask a supplementary on that? There are a number of federal jurisdictions on environmental matters. For example, the federal government approves the import of a whole range of chemicals: chemical sprays, insecticides, pesticides and so on. That does not remove from the province or the provincial ministry the authority to say, "You can approve it for use in Canada, but we're going to ban its use in Ontario."

Are you essentially telling us that if the Atomic Energy Control Board approved, and the federal government accepted, a nuclear waste disposal plan—which affected Ontario because it was in Ontario—that was unacceptable environmentally, your ministry would have no role in that question?

**Mr. Veitch:** I think it comes down to a jurisdictional matter, one on which we found ourselves before tribunals in the past. It can



really be challenged legally, but I guess our bottom line is that we are always there as technical advisers, but we would like to try to ensure an equivalency of environmental standards in this province that may be approved by a higher authority such as a federal regulatory agency or board.

**Mr. Charlton:** My understanding was, and still is for that matter, that where environmental standards are concerned, the province has the authority to set its own standard, which can be greater than a federal standard. Are you, in effect, telling me you do not have that same authority with nuclear wastes?

**Mr. Veitch:** I cannot give you a direct answer to that. I think this is really a question you should be asking the ministry's technical people. If you can wait for a few more sessions, I will record it and they will come back ready to answer your question.

**Mrs. Sullivan:** I had questions that also related to the Ministry of the Environment in relation to DSPS. I note that in the ministry's response, the ministry points out that Hydro has identified three alternatives for obtaining approvals under the Environmental Assessment Act. Approval banking was one of them, the separate approvals of environmental acceptance and need, and combining approvals for generation facilities and transmission facilities.

I felt that the Ministry of the Environment, while it was saying that Hydro was unclear in its proposal, was also unclear in its response. I wonder if you could tell me how the ministry would work with Hydro in terms of coming to a conclusion. What sort of discussions would be held? Would you expect them to put formal proposals forward or would there be discussions that would take place as a part of the DSPS analysis?

I really thought that the response here was, "Come on back to us and we'll see what we can do." I thought you could have been a little more open and positive when in fact we are really trying to make a push for different kinds of approaches to generation and demand strategy.

**Mr. Veitch:** Certainly, the ministry is open to continuing further discussions with Hydro on the demand/supply strategy paper. We understood that was the beginning and we would certainly continue to work with them to advise them on our views, as we have always done in the past.

**Mrs. Sullivan:** But is there a formal interaction, a formal mechanism that would continue between the Ministry of the Environment and

Hydro? How would you advise them of the kinds of routes that you see as favourable routes? Would that information, for example, ever come back before this committee?

**Mr. Veitch:** As I mentioned earlier, we have a monthly ministry-Ontario Hydro liaison committee that meets to deal with upcoming issues. The demand-supply strategy issue is certainly one that can come before that group, so I guess the answer is that there are mechanisms in place that can deal with what I think you are getting at. They have worked well in the past for us and I think they can work for us again.

**Mr. McLeod:** A lot of us are aware that the environmental assessment process has come under criticism for apparently taking too long to get projects through and costing too much money. One of the things we are constantly looking at is different ways of trying to be a little bit innovative and creative about how we deal with EA projects. If there are some good, solid proposals that we can work out with Ontario Hydro when it comes to banking approvals or combined approvals or planning approvals, then we are more than willing to entertain those things.

One of the things I guess we need to do is sit down with Hydro and explore further its proposals that have shown up in DSPS. Some of them are new; some of them we have had some preliminary discussions on in the recent past through our liaison committee. That is one of those things we are certainly conscious of that needs to be addressed.

**Mrs. Sullivan:** I am a strong proponent of the environmental assessment program, but I am extremely frustrated with the process. My riding has two dump sites that are both being evaluated in a consolidated hearing. You will know which one that is.

The second thing is more of a speculative question. Presuming that the private sector is convincing and spawns a major new industry in power generation, private power generation, what would be the process relating to environmental assessment for the private sector generator?

**Mr. Veitch:** The minister, in reviewing that proposal, could designate the project, subject to the Environmental Assessment Act. There could also be a possibility of the public becoming involved in a proposal like that and requesting the minister to designate the project, subject to the act. Certainly, the private sector is an area that our EA program improvement project is looking at very carefully.

In the last year, we have brought in a number of waste management facilities that you are aware of. Energy-from-waste facilities burning more than 100 tons of domestic garbage a day are now subject to the legislation. I think the idea of equivalency, whatever is subject in the public sector, may one day be fair game in the private sector, so there is always the possibility of designation on a case-by-case basis.

1630

**Mr. M. C. Ray:** My questions relate to the one that has been raised here a number of times, the delay and expense in the environmental assessment process, but in the context of what you mentioned was your environmental assessment improvement program.

I would like, first, to suggest that it is not just the environmental assessment process that bothers people. It is the fact that it was superimposed on a complicated approval process that already existed before the Environmental Assessment Act was passed; that is, the planning process, the land expropriation process. You have a multiplicity of hearings, a multiplicity of approvals and a multiplicity of criteria that are all applied to the same project and there does not seem to be any Ontario government co-ordination in response to that except the consolidated hearing board process, which is not complete because it does not include all the types of hearings and criteria that are required.

Is that under review and consideration within the Ministry of the Environment under this environmental assessment improvement program you have? Is it wide enough in its review of what is going on in the approvals network to encompass more than what you are engaged in, which is the environmental assessment approach?

**Mr. Veitch:** Yes, it is. The environmental assessment program improvement project will be looking at how the Environmental Assessment Act relates to other statutes like the Expropriations Act, the Ontario Energy Board Act, etc. That is part of the terms of reference for the project. As I mentioned, it will likely be one of the second-stage analyses that will be undertaken for 1990.

**Mr. M. C. Ray:** We here sit in one capacity, looking at Ontario Hydro and its facilities, its transmission lines and nuclear plants. In the approvals process in that context, that is a corporation that has corporate counsel and expert witnesses and can afford all the hearings process no matter how long it takes. On the other side of some of these projects are citizens who do not

have the resources, the capacity and the knowledge, even, to object.

I would like to know what involvement the citizens have in your environmental assessment program to accommodate their difficulties in a process that hangs over their heads for as many years as it does for the proponents who are frustrated by the costs and expense.

**Mr. Veitch:** Are you talking about the program improvement project or the actual program—

**Mr. M. C. Ray:** Who are you soliciting input from as you consider the impact of the environmental hearings process? I do not know what is involved in this program. Who is getting input into telling the Ministry of the Environment what is wrong with the current system?

**Mr. Veitch:** Everyone who has an affected interest. I will explain that. The first phase of the project is that we have gone out through eight public meetings across the province, in Thunder Bay, Toronto, Chatham, etc.—and prior to the public notice of those meetings, prior to the meetings, there has been a presentation about the program soliciting public views, with the possibility of numerous other opportunities as well.

As I understand it, the public will have an opportunity to review a discussion paper and/or working papers dealing with short-term legislative and operational improvements later this year. Later next year, they will also have an opportunity to review a series of more complex, medium-term improvements, legislative and otherwise. There will be quite an opportunity for public involvement.

In addition to that, there have been a number of committees set up. There has been an advisory committee of affected interests that includes, for example, the Federation of Ontario Naturalists through to the National Solid Waste Management Association (Ontario), the Association of Municipalities of Ontario, etc. We also have an interministry liaison committee that is looking at the government perspective on trying to improve environmental assessment, so it is quite broad and quite consultative.

**Mr. M. C. Ray:** Are they looking at consolidating the legislation?

**Mr. Veitch:** Yes.

**Mr. M. C. Ray:** Into one or as few as possible pieces of legislation with similar criteria?

**Mr. Veitch:** That is certainly an option. They are looking at how the act affects other statutes.

**Mr. M. C. Ray:** Like the Ontario Water Resources Act requirements? Is that included?



**Mr. Veitch:** All other statutes that the act affects will be examined to look at opportunities for improvement, yes.

**Mr. Chairman:** Mr. Cureatz.

**Mr. Cureatz:** My question was answered when Mr. Runciman was speaking about exemption for Darlington and Darlington B.

**Mr. Chairman:** Mr. McGuigan, I sort of cut you off when you were asking supplementaries of Mr. Runciman. Did you have anything further to ask?

**Mr. McGuigan:** No; it has been answered.

**Mr. Charlton:** I just have one question. You have it clearly established now, both in your minds and in Hydro's mind, that the next nuclear plant will be subject to environmental assessment under the act. Will that requirement include a requirement to submit an acceptable plan for decommissioning of that plant, or subsequently, if the answer to that question is no, will the eventual proposal for decommissioning of the plant be subject to the act?

**Mr. McLeod:** We have discussed that. We have not come to any conclusions on it yet. We have had just very preliminary discussions with Hydro on decommissioning generating stations in general, and then focusing, obviously as well, on nuclear plants.

I expect it would be reasonable to have some sort of decommissioning paper or addition to environmental assessment that would cover that thing. We have not had a generation project go through the full environmental assessment process yet. Little Jackfish, a proposal north of Lake Nipigon, will be the first one. That is part of the discussion that is included in that, so I think it would be reasonable.

**Mr. Charlton:** There is no definitive answer at this point?

**Mr. McLeod:** No.

**Mr. Chairman:** Are there any further questions? Seeing none, I would like to thank Mr. Veitch and Mr. McLeod for coming and discussing the Environmental Assessment Act and so on with us this afternoon.

This being the end of the business for the day, is there any other business that anyone would like to bring up at this time? Then I would just like to remind the members there will be a brief in camera meeting at 9:45 a.m. tomorrow. It will be in committee room 2 downstairs. I will adjourn the committee until 10 a.m. tomorrow in this room.

The committee adjourned at 4:40 p.m.

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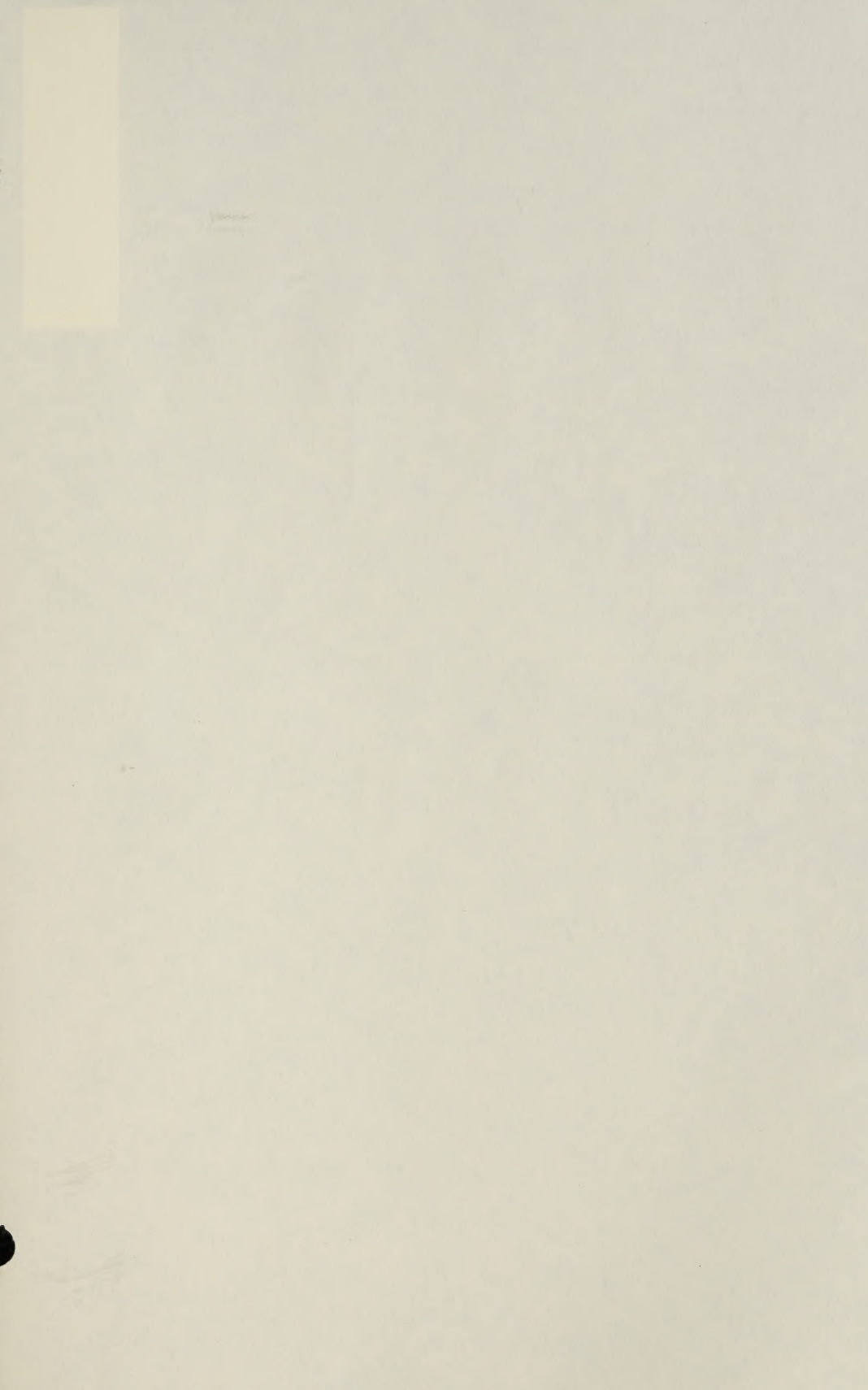
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**From the Ministry of the Environment:**

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